Chapter 6

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The international activities of regions have attracted considerable political and scholarly attention in recent years. This particular phenomenon has become widely common in federal states such as the USA, Australia and Canada. The motives, strategies and resources of sub-state governments in the international arena differ considerably. The responses of sovereign states to the increased intrusion of constituent units into their exclusive domain also vary from one state to another. Though this activity is not new, its resurgence in the late twentieth century is normally attributed to the effects of globalization and the rise of continental trading regimes such as the European Union and the North American Free Trade Agreement. These activities of the constituent units have led to the blurring of the old distinction between domestic and international affairs and have brought focused attention on the need for regions and cities to position themselves for global competition.

The constituent units in a federal system seek external projection, in order to fulfil their economic needs, or to manage ethnic or nationalist conflicts at their borders, to handle the security challenges that these issues pose. In general, it would be reasonable to say that the governments of sovereign countries do not welcome the intrusion of sub-state actors into an area which is traditionally their reserved domain. External representations of regions are seen by many as a threat to national sovereignty and integrity. On the other hand, state foreign policy has itself been transformed away from classical diplomacy and foreign ministries have themselves lost their monopoly of external action, as large areas of domestic policy have been internationalized. Countries are therefore learning to live with a new reality in which they share roles with their regions and the need to co-operate with them both internally and externally. There are sharp differences in the interpretation of these activities and a variety of patterns of conflict and co-operation emerge from them. The study of constituent diplomacy brings into focus a paradigm shift in international affairs, in which the old models of interstate relations are challenged and the state borders are penetrated by a multiplicity of actors.
The word federalism is not mentioned in the Constitution of India even though it is one of basic features of the Constitution. The Constitution of India clearly demarcates the powers between the union government and the state governments under Article 246 of the Seventh Schedule in the Constitution. The union government has the absolute power to conclude treaties with foreign governments and those treaties need not have to be ratified by the Parliament. Discussions regarding any treaty or agreement may be carried out in the Parliament but it may not affect its finality or enforceability. Thus the Constitution gives the union government virtually exclusive jurisdiction over foreign policy of the country. The states have had hardly any role in formulating or implementing the foreign policy decisions of the country. Even if a majority of states oppose a particular foreign policy, the union government is not constitutionally bound to take this opposition into account. Even though the authority to make decisions regarding foreign policy is entrusted with the Parliament, the union cabinet makes the actual decisions in practice. There are various parliamentary committees on foreign policy but their powers are merely recommendatory and not enforceable.

Many Indian states share boundaries with the neighbouring countries with which India has often had troubled relations. In India, the complex relationship between the states and the union government as well as the reliance of national leaders on regional powers for political support to maintain their positions allow some state leaders a say in decisions about India’s role in the world even though it is not a constitutionally granted role. The existence of national minorities that are divided between two or more countries results in the internationalization of ethnic conflicts which in turn has an impact on the foreign policy of a country. The national governments are forced to involve in the affairs of their neighbouring states due to the ethnic ties of the constituent units which is usually a cause of tension between the union government and the constituent units. India’s relations with Sri Lanka serve as a classic example on how cross-border ethnic ties affect the foreign relations of a country.

The rise of strong and dynamic regional leaders, as a result of coalition politics and the economic reforms post-1991, has ensured that states have become key stakeholders not just on domestic issues, but also in matters pertaining to foreign policy – especially those concerning economic issues. Regional leaders like Andhra Pradesh’s Chandrababu Naidu have left no stone unturned in attracting Foreign Direct Investment. Over the years, by
virtue of their political strength, state governments became key stakeholders in negotiations with the World Bank and the World Trade Organisation.

India’s border states have a critical role to play in India’s foreign policy and they can be used as major assets in India’s efforts to create a peaceful, stable, and prosperous neighbourhood. Without an efficient management of India’s relations with its neighbours, it would be difficult to pursue a regional or global role for our country. Successive governments in India have accorded the highest priority to India’s relations with its neighbours, in particular our immediate neighbours in the Indian sub-continent. Even though our region is divided by political boundaries, it constitutes a single geographic and economic unit, inhabited by people who have a shared history and who enjoy deep cultural affinity. It would not be possible to erase political boundaries nor seek to re-draw them, but efforts should be made to find a way to survive in the given circumstances.

With the election of Narendra Modi as Prime Minister in 2014, it was expected that there would be a significant shift in union-state relations. Modi as the Chief Minister of Gujarat had advocated a more harmonious and meaningful relationship between New Delhi and the states, often accusing the Planning Commission for being uncoordinated with India’s federal needs. The Bharatiya Janata Party’s (BJP) Manifesto also laid emphasis on closer coordination between the union and states, especially with regard to fiscal autonomy. Apart from this, Modi’s economic initiatives as the Chief Minister of Gujarat indicated that as the Prime Minister, he would adopt a more liberal approach towards the states in the economic sphere.

Prime Minister Modi’s pursuit of restructuring the union-state relationship and promoting cooperative federalism in India has resulted in the setting up of NITI Aayog (National Institution for Transforming India). The organization focuses on greater consultation with the states as well as with outside experts in policy decisions. The spirit of cooperative federalism was further exhibited in the union government’s acceptance of the recommendations of the fourteenth Finance Commission that suggested a ten percentage point increase in gross revenue devolved to the states. Thus, as opposed to the previous thirty two percent, forty two percent of the gross tax revenue will be devolved to the states, which is a boost to the fiscal federalism India.
Investors’ summits in the states and the visits by chief ministers of different states seeking investment to destinations such as Singapore, China and Japan have become a common scenario in recent years. Since the opening of the Indian economy, billions of dollars of foreign direct investment has come to India and the constituent states in India are competing with each other to attract foreign investment. Indian states have a major stake in the globalization of the Indian economy and they benefit from foreign aided projects in socio-economic sectors. The union government, like never before, has started to encourage states to compete for foreign direct investment, and the Prime Minister has urged the states to set up their own export councils with a view to promote not just cooperative federalism but also competitive federalism.

In order to assist the states in their efforts to attract overseas investment and promote tourism and exports, a separate States Division headed by a Joint Secretary has been set up in the Ministry of External Affairs. The ‘States Division’ will facilitate the efforts of the state governments abroad by sharing their expertise with the states in fostering international linkages. This is a positive gesture from the part of the union government that will assist the states in increasing their international presence and gives a boost to the development of constituent diplomacy in India.

Fifteen states have formulated an export policy whereas twenty one states have already appointed export commissioners. A trade facilitation council has also been set up which facilitates a collaboration between the representatives from the union and the state governments. The initiatives to promote competitive federalism by creating a competition among states for investment is an effective strategy since India cannot make substantial economic progress, without the willing and active participation of the states. The role of states is crucial both in carrying out economic reforms and in implementing the welfare schemes and programmes of the union government.

Culture has come to assume an important role in India’s relations with its neighbours. Indian boundaries are such that people speaking the same language and sharing the same culture and social traditions live on both sides of the borders. Thus the boundaries created by the formation of nation states act as a hindrance to social interaction between people which dates back to centuries. The issues related to boundaries are particularly evident in India’s border states, especially West Bengal, which are mentioned in the study. Another scenario where the Indian states are very active internationally is the states’ relations with
the Diaspora. The Indian Diaspora hails from all parts of India notably from the states like Kerala, Gujarat, Punjab, Uttar Pradesh, Bihar, Tamil Nadu, Andhra Pradesh, West Bengal and Nagaland. Some states play an important role in India’s linkages with key countries. For instance, the government of Kerala is a significant factor influencing the union government’s policy towards the Gulf countries due to a large number of Keralites living there. Similarly, Jammu and Kashmir has had a special and disproportionate share in influencing India’s relations with Pakistan.

There is no ambiguity about foreign policy in the constitution as it clearly states foreign policy formulation as the sole function of the union government. This was considered necessary to maintain wholesomeness of foreign policy and also the sovereignty of the country in foreign affairs. But it is an indisputable fact that the influence of the states on foreign policy is increasing, particularly since the advent of coalition politics. Thus, the union government faces the difficulty in determining what the national interest is, and whether it reflects the interests of the states.

Foreign policy formulation in India is necessarily done by the union government, the Ministry of External Affairs and its missions and other parts of the government are consulted when found necessary. The policies are debated in the Parliament and even the Parliament has a limited role in the making and conduct of foreign policy. The practice of debating the foreign policy issues in the Parliament provides the government an idea about the national sentiment concerning these issues. With the advent of coalition politics at the union level, regional political parties and leaders who are the members of the ruling coalition often exert large influence on the foreign policy. The determination of what constitutes the national interest has become ever more complex. The union government has to devise ways to accommodate the interests of the states. India’s first Prime Minister and the prime architect of India’s foreign policy, Jawaharlal Nehru, used to write detailed letters to the chief ministers of states on foreign policy issues explaining to them the rationale of foreign policy decisions of the union government which enlightened them on evolving geopolitical and national interests. Most of the interactions between the union and state governments on foreign policy issues are sporadic and a systematic interaction between the union and the states that will help the union to understand the interests of states are lacking. Since the interests of the states are dynamic, and not static there should
be constant interactions between the union and state governments to exchange their views on various issues concerning the foreign policy of the country.

The Ministry of External Affairs, Government of India, could expand internally by establishing offices in some of the state capitals for regular interaction with states on foreign policy matters. An institutional mechanism must be evolved that could provide a platform where union government’s important decisions on foreign policy issues are appropriately discussed with states. As India becomes globally more interdependent, the potential contentious issues that might arise due to the lack of communication between the union and the states should be resolved and it is very important that India put up a united front in the world stage. The government of India’s vigour in promoting cooperative federalism which entails a more harmonious relationship between the union and the constituent states is supposed to have a positive impact on the foreign policy decisions of the country. In the Government of India’s diplomatic endeavours with the neighbouring countries, the concerned state governments especially the ones bordering them, could be taken on board. Since they might be more aware of the ground realities regarding the issues concerning the region, they might provide inputs to the union government in formulating a realistic foreign policy. For instance, any substantial initiative of the Government of India to improve the India-Bangladesh border management or the initiatives to curb illegal migration to the country could be more practical if West Bengal government is consulted because the state has firsthand knowledge about the various aspects of these issues and might be able to provide useful inputs.

Though the relationship between India and Bangladesh can be best described as an on and off relationship, there is still an underlying continuity in India-Bangladesh relations. Factors of border and land, natural resources, and security have been crucial in influencing the bilateral relations between both the countries. The present constraints that impinge upon India-Bangladesh relationship originate from the mutual ‘trust-deficit’ that has crept into their bilateral ties, and both countries could devise methods to resolve it so that a meaningful relationship can emerge between both the countries. India, being the bigger and economically more powerful of the two, can and should take the lead. India cannot address the economic and security concerns emanating from West Bengal and the North Eastern states without the cooperation from Bangladesh. So India could use its soft power to persuade Bangladesh to develop a consensus policy approach towards India.
In carrying out soft power diplomacy, exchanges at the intellectual, academic and cultural level are very important. This is where West Bengal has an important role to play in India-Bangladesh relations. It will create an environment of goodwill and friendship between the two countries. The fact that Bangladesh is a country formed on the basis of linguistic nationalism shows the importance the Bengali society accords to its language and culture. So, cultural exchanges and people-to-people relations play an important role in building good relations with Bangladesh and West Bengal serves as a crucial cultural link in India-Bangladesh relations.

Indian federalism has come a long way from the centralized administration to the more flexible form where the union government encourages the states to be active internationally especially in bringing more investment to the state. The changed nature of Indian federalism is clearly evident from the union government’s endorsement of cooperative and competitive federalism in the country. Even though the efforts towards establishing a cooperative federalism have commenced, they need to be strengthened with the involvement of systematic institutional mechanisms. Though the government encourages the economic activities of the states abroad, the constituent diplomacy scenario in India is very nascent with the limited international promotion of their culture and economy by the various state governments. With the world becoming a global village, by the increased interdependence of various actors due to the development in communication and technology, the international activities of Indian states are bound to increase. The government of India should devise mechanisms to accommodate the increased international activities of Indian states so that there will not be a conflict of interest between the union and the states.

Though the legitimate interests of the states must be taken into account by the union government, foreign policy is not simply the aggregate of the interests of various stakeholders. It is through the foreign policy actions that a country is conceived as a sovereign entity in international affairs and there cannot be multiple sovereignties or multiple identities in external affairs. As a country’s security and prosperity is increasingly linked with factors outside its control due to the forces of globalization and interdependence, a country’s national interest cannot be defined in narrow terms. So the talks on granting greater role to states in external affairs do not mean multiple identities for India in external
affairs. Instead, the union government could adopt a more consultative and inclusive approach to foreign policy making in which the opinions of the states are also taken into consideration. India is a country still going through the process of nation building and consolidation. It might need a strong union government to hold together a country that has great diversity. What India needs is a ‘smart diplomacy’ in which a nation is able to defend its core interests internationally while it makes concessions to the constituent units to flourish internationally.

Constituent unit’s involvement in external affairs is not a temporary phenomenon but it represents a change in the practice of diplomacy. It is a reality that the sovereign countries like India have to confront and they should device methods to effectively share space with the regional actors in the international arena. External roles of states and regions can also have positive ramifications to the advantage of the country as a whole. The international activities of states provide multiple opportunities for co-operation and development. This evolving process represents the paradigm shift in the arena of union-state relations and the federal structure in the country.